



**ML**  
STRATEGIES

**David Leiter**

**Sarah Litke**

**Daniel Phillips**

DJLeiter@mlstrategies.com

SLitke@mlstrategies.com

HDPhillips@mlstrategies.com

**ML Strategies, LLC**

701 Pennsylvania Avenue, N.W.

Washington, D.C. 20004 USA

202 434 7300

202 434 7400 fax

www.mlstrategies.com

## **ENERGY AND ENVIRONMENT UPDATE** **January 29, 2012**

### **Energy and Climate Debate**

Ignited by President Obama's State of the Union address last week and Congress' return to Washington to begin again debate over the payroll taxes, unemployment insurance, and doc fix package, energy issues are entering more into the national discussion than many had expected over the past several weeks and months.

In his State of the Union address January 24, President Obama laid out a "Blueprint for an America Built to Last" aimed at restoring the nation's economy through initiatives related to American values, manufacturing, education, and energy. The president encouraged Congress to act immediately on six proposals to encourage job growth in the United States that are paid for by closing tax loopholes that encourage the shifting of jobs and shielding of profits overseas. Additionally, the president called on Congress to extend current temporary tax incentives this year to bring more certainty to the near-term economy and for fundamental tax reform that would encourage more investment in the U.S. with a new international minimum tax, a lower rate for American manufacturing, and a simpler, broader tax code.

The six proposals include removing tax deductions for shipping jobs overseas and providing new incentives for bringing them back home; targeting the domestic production incentive on manufacturers who create jobs at home and doubling the deduction for advanced manufacturing; introducing a new Manufacturing Communities Tax Credit to encourage investments in communities impacted by job loss; providing temporary tax credits to drive nearly \$20 billion in domestic clean energy manufacturing; reauthorizing 100 percent expensing of investment in plants and equipment; and closing a loophole that allows companies to shift profits overseas.

Soon after delivering his address, President Obama and several administration officials took his message on the road. The president laid out his policy prescription for what ails American manufacturing Iowa and Arizona, promoted renewable energy in Las Vegas and Denver, and discussed the costs of college and the need for good training to ensure competition in the modern economy in Michigan. In Iowa, President Obama called on Congress to provide \$5 billion for the 48C Advanced Energy Manufacturing Tax Credit. During visits in Nevada and Colorado January 26, President Obama touted plans to conduct an oil and gas lease sale in June in the central Gulf of Mexico as evidence that he supports more domestic energy production. In Nevada, he expressed support for natural gas fueled vehicles and tax incentives to reduce petroleum's share in the transportation sector. In Colorado, he unveiled plans to establish large-scale renewable energy projects at military bases and on federal lands to replace coal-fired electric generation. Coinciding with the trip, the Interior Department said that it will conduct a lease sale June 20 in New

Orleans for Lease Sale 216 and 222, which are both in the central Gulf off Louisiana, Mississippi, and Alabama.

White House Council on Environmental Quality Chairwoman Nancy Sutley met with students at an energy efficient high school in Iowa, and Environmental Protection Agency Administrator Lisa Jackson visited energy storage technology firm EnerG2 in Seattle. Energy Secretary Steven Chu toured renewables research facilities at Sandia National Laboratories in New Mexico, where he said that the creation of a federal clean energy standard, which President again called for during his address, would serve as a significant step toward creating a nationwide market that would spur more innovation in renewable energy technology. ARPA-E Director Arun Majumdar, toured the Volvo Truck Headquarters in North Carolina, where he touted energy efficiency improvements for heavy-duty trucks, and Interior Secretary Ken Salazar will travel this week to continue promoting the messages of the State of the Union.

The president's address to Congress last week, though never mentioning Keystone or Solyndra, two of the biggest energy talking points for many in Washington, laid out a two part strategy on energy for his presidential campaign that counters popular attacks on those issues. President Obama's first televised reelection ad, which responds to an Americans for Prosperity campaign, touts clean energy jobs and offers statistics demonstrating the country's decreased dependence on foreign oil.

In his State of the Union address, President Obama called for an "all of the above" strategy to energy policy. Though the term has often been used by Republicans who favor supporting traditional energy sources, President Obama, a former Senator from Illinois, is comfortable using this term to express his own view – that fossil fuels and renewable energy ought to both be considered as important parts of the American energy portfolio. While some environmental groups oppose the president's move toward more drilling and natural gas production, as they view a clean, renewable energy path preferable, the president could stand to gain support from moderates.

Should oil and gasoline prices once again surge this summer, perhaps in part due to tensions over Iranian oil supplies, bipartisan energy legislation could coalesce around a number of existing measures: a bill to promote electric and natural gas vehicles, an energy efficiency package, and a set of energy tax provisions.

Debate over whether to include tax extenders in the payroll tax cut conference committee continues. Senators Maria Cantwell (D-WA), Sheldon Whitehouse (D-RI), and Barbara Boxer (D-CA) are urging their colleagues to move an extenders package as soon as possible, and Senate Majority Leader Harry Reid (D-NV) and Senate Finance Committee Chairman Max Baucus (D-MT) said last week that they would like the group of 20 lawmakers to tackle as many of the tax extenders as possible. At the same time, Representative Dave Camp (R-MI), the co-chairman of the committee, indicated last week that he does not think the group of 80 tax provisions, which includes clean energy tax credits, deductions for tuition expenses, state and local taxes, and teachers' out-of-pocket expenses, should be brought up in the panel.

In other news, the Obama administration will send its fiscal year 2013 budget submission a week late to Congress February 13, for the second straight year missing the statutory deadline. In other business this week, the House is scheduled to consider budget reform bills and the repeal of a certain provision of the Affordable Care Act. The Senate is scheduled to address insider trading by members of Congress and staff as well as postal service reform.

## **Congress**

### GOP Charges ARPA-E Violated Law

According to a January 24 report from Representative Paul Broun (R-GA) and the House Science, Space, and Technology Subcommittee on Oversight and Investigation majority, the Department of Energy's Advanced Research Projects Agency-Energy may have violated the America COMPETES Act by funding projects that have already received private sector funding for similar work. During a subcommittee hearing last week, ARPA-E director Arun Majumdar denied wrongdoing.

### Continued Criticism

Electric vehicle battery maker Ener1 Inc. became on January 26 the third recipient of Energy Department support funded by the Recovery Act to file for bankruptcy. Representative Cliff Stearns (R-FL) remarked last week that the president's State of the Union admission that some technologies work and others do not was spot on, and that the Indiana maker of lithium ion batteries, which received \$118.5 million, was yet more proof that the administration's green-energy initiatives were misguided.

### Differences in Efficiency Bills

The Shaheen-Portman Industrial Energy Efficiency Bill (S. 1000), which has already been cleared by the Senate Energy and Natural Resources Committee, and Rep. Bass' draft counterpart, due to be introduced as early as this week, contain significant differences. Both bills would add energy-efficiency projects for buildings to DOE's existing loan guarantee program, require federal agencies to participate in demand response efficiency programs, and increase the use of energy savings performance contracts in the federal sector. However, the Bass draft bill excludes both a provision directing support for national model building codes to come from DOE and a measure that provides for a DOE-backed revolving energy efficiency loan program for commercial and industrial manufacturers. Bass also excluded a "Supply Star" program to increase businesses' supply chain efficiency as well as rebate programs for the purchase of efficient electric motors and electricity distribution transformers.

### Legislation Introduced

Congressman Chris Murphy (D-CT) introduced legislation (H.R. 3807) January 23 to provide funding of the Low-Income Home Energy Assistance Program with a dedicated revenue source consisting of a tax on offshore oil production.

Representative Ted Poe (R-TX) introduced legislation (H.R. 3811) January 24 to approve the Keystone XL pipeline project permit.

The same day, Congressman Jim Himes (D-CT) introduced legislation (H.R. 3817) to amend the Energy Policy and Conservation Act to improve the energy efficiency of electric instantaneous water heaters.

### Upcoming Hearings

Senate Finance Committee Chairman Max Baucus (D-MT) announced January 24 that he will hold a hearing January 31 to explore a long-term solution to the problem of finding a way to pay for short-term tax breaks that expire annually or biennially.

The same day, the Senate Energy and Natural Resources Committee will receive testimony on the U.S. and global energy outlook for 2012.

On February 1, conferees from the House and Senate are scheduled to meet and discuss Temporary Payroll Tax Cut Continuation Act of 2011 (H.R. 3630) legislation. With a February 29 deadline for extension looming, members are currently working on legislation to provide for a one-year extension.

On February 1, the House Natural Resources Committee will mark up the energy portion of a transportation and energy infrastructure bill.

On February 1, the House Energy & Commerce Committee will hold a hearing on the recommendations of the Blue Ribbon Commission on America's Nuclear Future.

On February 2, the Senate Energy Committee will hold its own hearing on the final report of the Blue Ribbon Commission on America's Nuclear Future.

On February 2, the Senate Banking Committee will hold a hearing on the public transportation section of a two-year surface transportation bill, which focuses on investments in the nation's aging transit infrastructure.

On February 2, the House Science Subcommittee on Energy will hold a hearing on the Environmental Protection Agency's approach to groundwater research in Pavillion, WY.

On February 3, the House Science Subcommittee on Energy will hold another hearing on fostering quality science at the EPA.

## **Administration**

### Long-Term Nuclear Waste Management

The Blue Ribbon Commission on America's Nuclear Future released a final report January 26 calling on the government to fix its "broken" nuclear-waste management policy and begin simultaneous development of at least one permanent geological repository and at least one centralized interim storage facility. The commission, tasked with finding long-term solutions for storing the country's spent nuclear fuel, is reviving the battle over Nevada's now defunct Yucca Mountain nuclear waste repository site. The Nuclear Energy Institute, National Association of Regulatory Utility Commissioners, and the Nuclear Waste Strategy Coalition held a teleconference January 23 in anticipation of the announcement and contended that a centralized, interim nuclear waste storage facility could be operational in ten years if built in a supportive community.

## **Department of Energy**

### Annual Energy Outlook

The Energy Information Administration released its annual energy outlook January 23, predicting that world oil prices will rise to \$146/barrel by 2035 because of growing demand in developing countries but natural gas prices will remain low due to the shale gas boom. The *Annual Energy Outlook 2012* predicted that coal usage will continue to decline while renewable energy will grow from 8 percent in 2010 to 15 of the domestic energy supply by 2035.

### Solar Decathlon Announced

Energy Secretary Steven Chu announced January 26 the 20 collegiate teams selected to compete in the agency's Solar Decathlon 2013 and unveiled the competition's new location, the Orange Country Great Park in Irvine, California. The 20 teams from across the US and around the world will begin a two year process to build solar-powered, high energy-efficient homes that combine affordability, consumer appeal, and design excellence.

### Lighting Report Released

The Department of Energy released a report January 24 documenting the increased adoption of energy efficient lighting products in the United States over the last decade. The 2010 U.S. Lighting Market Characterization examines the current conditions and broad trends in the U.S. lighting market, broken down by technology and sector, concluding that in 2010, lighting used about 700 TWh, nearly 19 percent of the electricity produced in the country.

### Refrigerator Rule Amended

The Department of Energy published a final rule last week amending the 2010 interim final rule for test procedures for refrigerators, refrigerator-freezers, and freezers. The amendments modify the required test period for the second part of the test for products with cycling compressor systems and long-time automatic defrost or variable defrost control and adjust the default values of maximum and minimum compressor run time for products with variable defrost.

### Efficient Housing Guidelines Released

The Department of Energy invited energy efficient product manufacturers, manufactured housing experts, and other home performance industry stakeholders to review and comment on its *Standard Work Specifications for Manufactured Housing* on January 26. Developed under the agency's Guidelines for Home Energy Professionals project, the specifications are voluntary guidelines that outline minimum requirements for high quality energy upgrades in manufactured housing.

## **Department of Interior**

### Fracking Regulations Forthcoming

The administration announced last week that the Bureau of Land Management will require the disclosure of chemical additives in fracturing fluids but with protection for trade secrets. Interior Department officials indicated last year that the bureau might issue regulations on fracking for work on federal land, but President Obama made the definite announcement during his State of the Union address last week.

## **Department of State**

### Disapproval of Keystone Legislation

During a House Energy and Commerce subcommittee hearing on Congressman Lee Terry's (R-NE) legislation (H.R. 3548) January 25, State Department assistant secretary for the Bureau of Oceans and International and Scientific Affairs Kerri-Ann Jones said that the bill, which would require federal approval of the Keystone XL oil pipeline within 30 days of receiving an application, imposes too short of a time frame, preventing an informed decision. Jeff Wright, director of the Federal Energy Regulatory Commission's Office of Energy Project, seconded the negative assessment and said that the commission has taken no formal position on the bill's main purpose – to transfer the permitting process for the pipeline from the State Department to FERC.

### USAID Five Year Strategy Includes Climate Change Portions

The U.S. Agency for International Development released its five-year strategy, announcing its intentions to accelerate investment in clean energy and climate change mitigation projects and integrate climate change into its policy and operations. USAID will establish public-private partnerships as well as foster investor involvement as part of the *Climate Change and Development Strategy*. Encouraging the use of indigenous or regional clean energy resources, including wind, solar, biomass, and hydropower are methods the agency specifically cited, as well as supporting energy-efficiency in construction, appliances, and industrial activities.

## **Environmental Protection Agency**

### GHG Regs Forthcoming

The Environmental Protection Agency is likely to issue a proposed new rule this Friday that would attempt to counter climate change by regulating greenhouse gas emissions from power plants. The rules are likely to apply only to new power plants, sparing the country's existing plants from regulations.

### CRS Identifies 39 Overreaches

The Congressional Research Service released a report January 19 summarizing 39 economically significant Environmental Protection Agency regulations industry groups say overstep the agency's statutory authority. The report, *EPA Regulations: Too Much, Too Little, or On Track*, does not take a position on the agency's use of regulatory authority, but identifies regulations issued under the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, and the Resource Conservation and Recovery act as overstepping authority.

### Palm Oil Fuels Not Renewable

The Environmental Protection Agency published an analysis January 27 finding that biodiesel and renewable diesel fuels produced from palm oil do not achieve the 20 percent life-cycle greenhouse gas reductions necessary to qualify as renewable fuels. According to the analysis, biodiesel from palm oil has 17 percent lower life-cycle GHG emissions than comparable petroleum fuels, and palm oil-derived renewable diesel fuels would have 11 percent lower life-cycle GHG emissions. Under Clean Air Act Section 211(o), as amended by the Energy Independence and Security Act of 2007, a fuel qualifies as renewable if its production results in a 20 percent reduction in life-cycle emissions for renewable fuels produced at new facilities, a 50 percent reduction for biomass-based diesel or advanced biofuels, and a 60 percent reduction for cellulosic biofuels.

### Power Plant Enforcement a Priority

Environmental Protection Agency's Office of Civil Enforcement air enforcement director Phillip Brooks said January 24 that the agency is continuing to prioritize the enforcement of its new source review permitting program at coal-fired power plants. The coal-fired power plant enforcement initiative has led to more than 20 settlements since 1999 that are expected to reduce SO<sub>2</sub> and NO<sub>x</sub> emissions by 2.4 MMT per year.

#### Clean Air Act Attacks Political

Two former heads of the Environmental Protection Agency, William Ruckelshaus and William Reilly, spoke at a World Resources Institute forum on the Clean Energy Act January 23 about what they suggested were overly political attacks on the agency and its implementation of the Clean Air Act. At the same time, Administrator Ruckelshaus contended that critics may have a valid complaint in calling for more focus on the cost of regulations.

#### Oral Arguments Scheduled

The U.S. Court of Appeals for the District of Columbia Circuit ordered January 20 that it will hear oral arguments April 13 in cases challenging the Environmental Protection Agency's Cross-State Air Pollution Rule. The court issued an order December 30 to stay the cross-state rule, just days before the compliance period was set to begin. Final briefs from petitioners are due February 9, and final briefs are due March 16.

#### 9th Circuit Backs EPA MT SO<sub>2</sub> Regs

The U.S. Court of Appeals for the Ninth Circuit denied January 19 two consolidated petitions for review filed by the Montana Sulphur and Chemical Company challenging plans by the Environmental Protection Agency to regulate SO<sub>2</sub> emissions in Montana. The company recovers sulfur gas piped in from an adjacent Exxon Mobil petroleum refinery near Billings.

#### Power Plant Retirements

FirstEnergy Corp. announced January 26 that it will close six coal-fired power plants instead of investing in pollution controls necessary to comply with new Environmental Protection Agency mercury air pollution regulations. The six plants in Ohio, Pennsylvania, and Maryland have a total generating capacity of 2,689 MW and will be retired by September 1. According to the agency, the mercury rule could prompt the retirement of 4.7 GW of the nation's 1,000 GW of electricity generating capacity, though most of the retiring units are old and do not have modern pollution controls.

#### Scientific Advisory Board Criticizes EPA Biomass Emissions Accounting

On January 27, the Science Advisory Board's Biogenic Carbon Emissions Panel released a draft *Accounting Framework for Biogenic CO<sub>2</sub> Emissions from Stationary Sources* regarding the Environmental Protection Agency's proposed framework to account for carbon dioxide emissions from biomass-based fuels burned in industrial facilities. The report argues for alternate time scales and accounting methodologies arguing that the agency's calculation method "has overarching problems."

#### EPA Tier 3 Pollutant Rule Forthcoming

The Environmental Protection Agency announced its intention to publish proposed Tier 3 air pollutant standards for gasoline and light-duty vehicles in March. The rule would revise the Tier 2 rule, which lowered the sulfur content in gasoline to a standard of 30 parts per million, and was finalized in 2000. With a final rule expected in October, those close to the rulemaking have said the new standard could be as low as 10 parts per million.

#### **Personnel**

President Obama nominated January 23 Tony Clark, a North Dakota utility regulator, to fill a vacancy on the Federal Energy Regulatory Commission. Mr. Clark has served as the senior member of the North Dakota Public Service Commission since 2000, and is currently chairman. He is the immediate past president of the National Association of Regulatory Utility Commissioners.

The same day, President Obama nominated Adam Sieminski, an energy analyst, to direct the Energy Information Administration. Mr. Sieminski is currently the chief energy economist for Deutsche Bank. Previously, he was the director and energy strategist for Deutsche Bank's global oil and gas equity team.

Last week the president also nominated Jim Jones to be the assistant Environmental Protection Agency administrator for Toxic Substances. Mr. Jones, currently serving as the acting administrator, is an EPA veteran in the Office of Chemical Safety and Pollution Prevention. From 2003 to 2007, he was director of the Office of Pesticide Programs.

Congresswomen Gabrielle Giffords (D-AZ) stepped down from her seat in Congress January 25 in order to continue her recovery. With her departure, the House loses not only an amazing public servant, but also one of its most vocal advocates for solar energy, as she promoted alternative fuels in the military and research programs at the Department of Energy and championed solar energy among her constituents.

Aneesh Chopra, the White House chief technology officer, announced his departure January 27.

## **State**

### CA Reforms Hasten RE Development

California Governor Jerry Brown (D) unveiled proposed regulations January 25 to streamline the environmental review process for certain solar energy installations and development projects. The proposal outlines amendments to California Environment Quality Act regulations, which are needed to implement legislation enacted last year to expedite the approval of projects that will create new jobs and help the state meet its renewable energy goals. The governor also announced final guidelines for implementing A.B. 900, which grants the governor authority, beginning in 2013, to certify some large environmentally friendly development projects for an expedited judicial review process.

### Court Denies CARB Request

The U.S. District Court for the Eastern District of California denied January 23 the California Air Resources Board's request to lift an injunction blocking enforcement of the state's low-carbon fuel standard. The court's decision grew out of CARB's January 20 motion seeking to stay orders Judge Lawrence J. O'Neill issued late 2011 that found the fuel standard unconstitutional because it discriminates against out of state ethanol producers and crude oil sources. CARB argued that the injunction will lead to an increase in GHG emissions from the transportation sector, making it more difficult for the state to meet its legal emissions reduction obligation under the Global Warming Solutions Act of 2006 (A.B. 32).

### New California Automobile Emissions Standards

On January 27, the California Air Resources Board adopted, by a 9-0 vote, measures dictating stricter fleet average standards for 2015-2025 model year cars and light-duty trucks aimed at nitrogen oxide and hydrocarbon emissions, an increase engine durability requirements from 120,000 miles to 150,000 miles, and new particular emissions on gasoline cars. The suite of regulations also included a measure to ensure that at least 15.4 percent (approximately 1.4 million) of the state's cars are eventually either plug-in hybrids, battery electric, or fuel cell vehicles. The regulatory package is pending California Office of Administrative Law and the Environmental Protection Agency approval.

### RGGI to Expire Unsold Allowances

On January 17, in announcing its March 14 auction, seven of the Regional Greenhouse Gas Initiative's nine states said they will retire 87 million carbon dioxide emissions allowances that went unsold during the past six auctions. Between 2009 and 2011, RGGI has held 14 auctions and sold 393 million allowances. This announcement comes as RGGI is reviewing its overall emissions cap. For a variety of reasons, including warm weather and the recession, have led the organization to consider lowering the cap. The existing cap of 188 million tons was intended to last through 2014, which would then lower it by 2.5 percent per year over the next four years.

## **International**

### WTO Dispute Panelists

The European Union and Canada agreed January 20 on the appointment of three World Trade Organization dispute panelists who will rule on the EU's complaint against the provisions in the Canadian province of Ontario's green energy program which the agency claims unfairly discriminates against foreign firms. The three panelists, Thomas Cottier of Switzerland, Alexander Erwin of South Africa, and Daniel Moulis of Australia, are the same three who were appointed last October to rule on Japan's separate WTO complaint against the same Ontario green energy provisions.

### Energy Plans by Danish EU Leaders

Danish climate and energy minister announced January 24 that the nation will use its European Union council presidency to advocate for a low-carbon road map and revise energy efficiency legislation. The European Parliament Environment Committee will vote on the road map, which calls for overall emission reductions of 40 percent by 2030 and 60 percent by 2040, January 30-31, with a full Parliament vote in March. A vote on a revised efficiency directive is scheduled for April 17.

### EC Efficiency Standards

The European Commission announced January 20 that it is preparing a plan that will designate product groups to which stricter energy efficiency standards will be applied in the next three years. The plan, triggered by the European Union's 2009 Ecodesign Directive, will prioritize a number of products that directly use energy and affect energy consumption. The plan will follow a 2009-2011 version that identified ten energy-using product groups and resulted in 12 implementing regulations, covering products like washing machines, dishwashers, light bulbs, lighting equipment, and domestic and office appliances in standby mode.

### Russia to Ameliorate Rising Air Travel Costs

Russia's transportation minister promised last week to introduce measures to reduce the price of international flights for Russians to compensate for the European Union's January 1 inclusion of global airlines in its greenhouse gas Emissions Trading System. The EU requirement is also prompting some Russians to suggest domestically implementing a similar emissions market, potentially gaining the nation an exemption from the EU ETS. The Energy and Climate Change Select Committee said in a January 26 EU ETS report that international airlines using British and European airports could risk having their planes grounded if they do not comply with the system by obtaining allowances for their emissions.

### UN Climate Change Database

On January 26, the U.N. Framework Convention on Climate Change released the *Adaptation Private Sector Initiative Database* of more than 100 ideas for businesses and communities to help adapt to climate change. The ideas are designed to help entities become climate-resilient as well as aide companies in both earning profits and preventing losses with adaption techniques.

## **Miscellaneous**

### Corporate Sustainability Council Formed

IBM, Coca-Cola, and a number of other corporations announced January 17 that they have formed the Innovations in Environmental Sustainability Council to address sustainability challenges related to materials, energy, water, infrastructure, and logistics at their companies. The companies' chief environmental or sustainability officers or other representatives will meet four times this year, beginning February 7-8, to discuss ways to incorporate sustainability into their business practices.

### Nukes Pose Water Risks

The Environment America Research and Policy Center and the U.S. Public Interest Research Group Education Fund released a report January 24 contending that the drinking water for 49 million U.S. residents could be at risk of radioactive contamination from a leak or accident at a local nuclear power plant. According to the report, *Too Close to Home: Nuclear Power and the Threat to Drinking Water*, drinking water for 49 million people is within 50 miles of an active nuclear power plant, the distance the Nuclear Regulatory Commission uses to measure risk to food and water supplies.

#### Ford Leaves USCAP

Ford Motor Company last week withdrew its support for the U.S. Climate Action Partnership, a group of corporations and environmental groups that lobbied for federal climate legislation. Following in the footsteps of BP, ConocoPhillips, GM, Caterpillar, and John Deere, who have also rescinded their membership over the past few years, Ford left USCAP because the cap and trade issue has been placed on the back burner for the foreseeable future.

#### Corporate Sustainability Up

The Massachusetts Institute of Technology and the Boston Consulting Group released a study January 24 finding that roughly 31 percent of corporate executives surveyed reported that they are profiting by adopting sustainable practices. The report, *Sustainability Nears a Tipping Point*, also found that 2/3 of companies surveyed said sustainability is necessary for competitiveness, up from 55 percent last year, and 2/3 said that management attention to and investment in sustainability had increased in that same time.

#### TCR Protocol 2.0 Released

The Climate Registry proposed January 25 an updated version of reporting guidelines for corporations, institutions, organizations, and government agencies seeking to list their greenhouse gas emissions data as part of a voluntary reporting program. The General Reporting Protocol 2.0 includes new membership options for the registry, clarifies which types of emissions must be reported, and adds guidelines on accounting for renewable energy certificates and offsets.

#### Retail Sustainability

The Retail Industry Leaders Association and Business for Social Responsibility released a report January 26 finding that retailers are expected to fully integrate sustainability into their daily business practices in the next five to ten years. According to the *2012 Retail Sustainability Report*, retailers that lease store space find it difficult to make energy changes because they do not own their stores.

#### Water Report Unveiled

Deloitte Touche Tohmatsu Limited launched the *Water Tight 2012* report January 27, exploring the future of the global water sector in the coming year. The report considers how major global trends such as population growth, increasing economic development, and urbanization, coupled with the changes in climate patterns, underscore the importance of strong public policy and private sector water stewardship in managing the resource.